

## Message Text

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62

ORIGIN NEA-10

INFO OCT-01 ISO-00 COME-00 EB-07 TRSE-00 SSO-00 CIAE-00

INR-07 NSAE-00 OMB-01 L-03 INRE-00 /029 R

DRAFTED BY NEA/ARP:COCECIL:CEJ  
APPROVED BY NEA/ARP:FMDICKMAN  
COMMERCE:FOCWIEJA (SUBS)  
TREASURY:CBAZARIAN (SUBS)

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O 162124Z JUL 75

FM SECSTATE WASHDC

TO AMEMBASSY JIDDA IMMEDIATE

C O N F I D E N T I A L STATE 167577

E.O. 11652: GDS

TAGS: ETRD, BTIO, SA

SUBJECT: MINISTRY OF INTERIOR INVITATION TO BID ON UNIFORM  
TENDER

1. PAN EAST INTERNATIONAL OF TULLAHOMA, TENNESSEE, CONTACTED DEPARTMENT JULY 11 CONCERNING MINISTRY OF INTERIOR INVITATION TO BID ON TENDER FOR UNIFORMS FOR SECURITY FORCES. ACCORDING TO PAN EAST, THEY ARE ONLY AMERICAN FIRM INVITED TO BID AND ARE COMPETING AGAINST ONE ITALIAN AND ONE SOUTH KOREAN FIRM FOR CONTRACT WORTH ABOUT TWENTY-FIVE MILLION DOLS. BIDS DUE JULY 28. FIRM HAS NO FORMAL AGENT NOW BUT SAYS THEY WILL DESIGNATE ONE IF THEY WIN CONTRACT.

2. PAN EAST STATES THAT SAG REQUIRES ALL TENDER BIDS IN RIYALS. PAN EAST, WHICH WOULD SUBCONTRACT DOLS 18-20 MILLION TO OTHER AMERICAN FIRMS, CLAIMS THAT IT IS UNABLE TO OBTAIN A PERFORMANCE BOND FROM AN AMERICAN BANK, SINCE BANKS FEAR THAT LARGE DOLLAR COMMITMENTS TO SUBCONTRACTORS WOULD PLACE FIRM IN UNTENABLE POSITION IF RIYAL SHOULD BE DEVALUED, RPT DEVALUED. (WE EXPLAINED UNLIKELIHOOD OF CONFIDENTIAL

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THIS AND REVIEWED SERIES OF UPWARD VALUATIONS SINCE 1971.)  
FIRM SAYS THERE IS NO FUTURES MARKET IN SAUDI RIYALS WHICH

WOULD ALLOW IT TO COVER ITS BETS, AND CLAIMS TO HAVE

DISCUSSED PROBLEM HERE WITH FNCB.

3. FIRM'S REPRESENTATIVES ARE LEAVING WEDNESDAY FOR RIYADH FOR THIRD MEETING WITH MININT OFFICIALS. WE HAVE ADVISED THEM TO DISCUSS PROBLEM WITH FNCB IN SAUDI ARABIA AND HAVE ADVISED THEM TO CONSULT WITH EMBASSY. ADDITIONALLY, FIRM MAY DISCUSS WITH SAUDI BANKS POSSIBILITY OF ACCEPTING RIYALS IN EXCHANGE FOR COMMITMENT TO PAY AMERICAN SUBCONTRACTORS IN DOLLARS WHEN DUE.

4. OUR OWN TALKS WITH FNCB OFFICIALS IN NEW YORK INDICATE THAT FNCB DOES OFFER FUTURES CONTRACTS. WE HAVE GIVEN PAN EAST NAMES OF MESERVE AND BORING IN RIYADH. ANY COMMENTS EMBASSY HAS ON HOW FIRMS NORMALLY COVER THEMSELVES AGAINST POSSIBILITY OF EXCHANGE LOSS IN CASES OF THIS NATURE WOULD BE WELCOME. KISSINGER

CONFIDENTIAL

<< END OF DOCUMENT >>

## Message Attributes

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**Current Classification:** UNCLASSIFIED  
**Concepts:** PROPOSALS (BID), UNIFORMS  
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**Copy:** SINGLE  
**Draft Date:** 16 JUL 1975  
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**Disposition Approved on Date:**  
**Disposition Authority:** ShawDG  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
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